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June 23, 2005

Ms. Mary L. Cottrell
Secretary
Dept. of Telecommunications & Energy
One South Station
Boston, MA 02110

Re: Docket No. DTE 04-116 - Investigation into Quality of Service Provided by LDC's

Dear Ms. Cottrell:

This letter provides the response to requests for the information listed below.

Response to DTE-03 Interrogatories dated 06/09/2005
DTE-LDC - 001 , 002 , 003 , 004

Very truly yours,

Stephen Klionsky

SK/tms
cc: Service List

Witness: **Michael T. Smith**
Request from: **Department of Telecommunications and Energy**

Question:
Refer to Order Instituting Safety Standards, New York Public Service Commission Case 04-M-0159 (January 5, 2005). Please comment on the feasibility of implementing a stray voltage performance measure similar to that described in Attachment A of the above order, with an annual inspection performance target of 95 percent of those facilities scheduled to be inspected during a particular year. The performance measure would have a penalty feature similar to that applied to odor call response for gas distribution companies, such that for each percentage point that an electric distribution company's performance falls below a benchmark of 95 percent, the electric distribution company would be assessed a penalty equal to 25 percent of the total penalty allocated to the stray voltage standard. The maximum penalty for this SQ measure will be incurred at a performance level of 91 percent.

Response:
The topic of stray voltage is currently being investigated by the Department and pending the results of this investigation, it is premature to comment on whether or not this should be a performance measure.

Witness: **Michael T. Smith**
Request from: **Department of Telecommunications and Energy**

Question:
Please refer to Order Instituting Safety Standards, New York Public Service Commission Case 04-M-0159 (January 5, 2005). Assuming the Department were to adopt a stray voltage service quality measure similar to that proposed in Information Request DTE-LDC 3-1, provide a weighting factor that would be considered appropriate to ascribe to such a performance measure.

Response:
WMECO does not recommend any weighting factor at this time.

Witness: **Michael T. Smith**
Request from: **Department of Telecommunications and Energy**

Question:
Please comment on the advantages and disadvantages of calculating SAIDI and SAIFI statistics and penalties based on the performance of individual feeder circuits rather than system averages.

Response:
WMECO continues to support the use of system reliability measures, such as SAIDI and SAIFI, to determine service quality of the LDC's infrastructure. WMECO understands the perception that SAIDI and SAIFI based on the feeder/circuit level is more advantageous to tracking the customer's outage experience. This perception is based on the notion that the closer the reliability measure is to the actual customers affected, the more accurate assessment / measure of customer reliability. However, this interpretation of the benefits of circuit level reliability metrics misses several key advantages of system wide reliability metrics.

The first advantage of system wide metrics is the ability to normalize the impacts of environmental factors on the Company's reliability performance. Measuring reliability on the circuit level causes the data to become too granular, as the data is dramatically affected by variables largely out of the utility's control, such as weather, population density, rural vs urban settings, length of line, travel time and type of customer (i.e. mostly residential vs mixed industrial / commercial). For example, many of WMECO's circuits run for many miles through very rural areas in higher terrains with sparse population density and dense tree coverage. These are the same circuits that require longer drive times to reach and are more often impacted by severe weather. In addition, it would be extremely expensive to build rural circuits serving few customers to the same level of reliability as urban circuits serving many customers with multiple circuit ties.

WMECO is responsible to provide reliable service to all customers of our electric system. If SAIDI and SAIFI penalties were based on circuit level metrics, WMECO could have a strong incentive to allocate additional resources to improving reliability on the circuits nearing or at penalty performance rather than the greater good of the system's customers as a whole. The localized problem solving is reactive instead of proactive global solutions to avoid system penalties. This is another significant disadvantage to our customers by measuring and penalizing reliability based on the feeder / circuit levels.

A similar perverse incentive holds true with respect to 4 kV conventional underground circuits. If reliability is measured on the circuit level, many 4 kV circuits would have excellent reliability and not be candidates for conversion projections. Other 4 kV circuits may become candidates due to decreasing reliability performance and be scheduled for conversions. Again, the allocation of resources based on circuit level reliability metrics could lead to the reactionary allocation to avoid potential penalties instead of the current proactive allocation of resources that WMECO employs to ensure system wide reliability measures continue to improve. The use of system wide measures, penalties and/or offset credits ensures no one area, district, region or circuit drives the mitigation and reliability improvement strategies of WMECO's capital improvement planning.

Finally, it is important to note that circuit level metrics are not indicative of the customer's reliability experience. Just because a circuit has a SAIDI of X minutes, does not mean all customers on that circuit experienced X minutes of outage for that year. The same fact is true for outage frequency, SAIFI, as well. Therefore, the perception that circuit level reliability metrics will allow for more accurate assessments of individual customer experience is not true. Whether the reliability metric is at a system level or circuit level, the measure is only a metric, not an exact representation of each customer's electric service reliability.

Witness: **Michael T. Smith**
Request from: **Department of Telecommunications and Energy**

Question:
Please comment on the advantages and disadvantages of making CAIDI and CAIFI penalty measures.

Response:
Most customers are primarily concerned with two elements of service interruptions; the frequency of outages and the duration of the outages. Currently, SAIDI measures the system average interruption duration index. The only way to correlate the SAIDI performance metric to individual is via CAIDI, customer average interruption duration index. Many utilities, including WMECO, measure and track CAIDI performance, both internally as well as externally (regulatory reporting). The use of CAIDI as a penalty measure in leau of SAIDI has some merits. CAIDI is a better measure of those customers who were affected by loss of service for that reporting period. However, CAIDI is easier to manage and drive in a positive direction with alternate outage mitigation techniques, such as switching to alternate feeds, temporary service transformers or temporary generation to restore service quickly. Yet, the system reliability has not improved nor been driven to improvement with these outage mitigation strategies. These temporary fixes only meet the objective of reducing the customer duration, but not repairing nor improving the distribution plant. Therefore, WMECO believes that SAIDI is the most advantageous reliability metric for penalty or offset credits and to better serve all of the customers of the Company.

The second concern of customers is the frequency of the outages, if any. Currently, SAIFI is used to measure the system wide frequency of outages for service quality penalties or offset credits. CAIFI is not widely used across the industry and provides a metric focused only on those customers who have already experienced at least one outage. Utilizing CAIFI would not provide a valid measure of the reliability of the entire distribution infrastructure. Therefore, the utility would be focused on eliminating multiple outages and not necessary the elimination / reduction of all outages as SAIFI requires. Therefore, SAIFI provides a more advantageous metric to the electric company, its customers, and the regulators to determine the service quality of said electric company.

WMECO believes SAIDI and SAIFI are the best measures of system reliability and service quality. CAIDI is a reliable reporting measure, but should not be included as a penalty metric due to its variability and indirect tie to overall service quality.